

BEFORE

THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 93-677-C - ORDER NO. 94-321^{vc}

APRIL 8, 1994

IN RE: Application of Working Assets Funding) ORDER
Service, Inc. for a Certificate of) APPROVING
Public Convenience and Necessity to) CERTIFICATE
Operate as a Reseller of Telecommuni-)
cations Services within the State of)
South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Working Assets Funding Service, Inc. (Working Assets or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Working Assets' Application was filed pursuant to S.C. Code Ann. §58-9-280 (Law. Co-op. 1976), as amended, and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Working Assets to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Working Assets' Application and of the manner and time in which to file the appropriate pleadings for participation in these proceedings. Working Assets complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell) and the Consumer Advocate for the State of South Carolina (the Consumer Advocate). Southern Bell's subsequent Motion to Withdraw from this proceeding was granted by the Commission in Order No. 94-33, dated January 12, 1994. The Consumer Advocate has now filed a letter stating it does not believe that the Commission should schedule a hearing in this matter. The Commission agrees.

Stephen C. Gunn, Vice President of Operations of Working Assets, submitted sworn testimony on behalf of Working Assets. Mr. Gunn explained Working Assets' request for authority to provide intrastate interLATA telecommunications services in South Carolina. Mr. Gunn stated that Working Assets is a non-facilities based reseller which will utilize high quality transmission facilities leased from other authorized telecommunications carriers. Mr. Gunn explained that Working Assets also desires to provide operator services.

Mr. Gunn testified that Working Assets' services will enhance competition for telecommunications services in South Carolina. He testified that increased competition will result in benefits such as lower-priced and better quality services, innovative telecommunications services, and efficient use of existing communications resources and increased diversification and reliability in the supply of communications services.

After full consideration of the applicable law, the

Application, and the testimony submitted by Working Assets, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Working Assets is incorporated under the laws of the State of California and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Working Assets operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. Working Assets has the experience, capability, and financial resources to provide the services as described in its Application. The Commission finds that the present financial condition of the Company is an improvement over that seen in the Company's original filing with this Commission.

4. Working Assets has done business in South Carolina of an intrastate nature prior to the date of this Order, but is in the process, as of the date of this Order, of making full refunds to all South Carolina customers, plus interest.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Working Assets to provide intrastate service through the resale of Wide Area Telecommunications Services (WATS), Message Telecommunications Services (MTS), Foreign

Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Working Assets for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts Working Assets' proposed maximum rate tariff.

3. Working Assets shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Working Assets shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Working Assets' subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing

provisions of S.C. Code Ann. §58-9-540 (Law Co-op. 1976), as amended.

4. Working Assets shall file its tariff and an accompanying price list within thirty (30) days of the date of this Order. Further, the tariff shall be filed in a loose-leaf binder.

5. Working Assets is subject to access charges pursuant to Commission Order 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to Working Assets' resale of service, an end user should be able to access another interexchange carrier or operator service provider, if they so desire.

7. Working Assets shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Working Assets changes underlying carriers, it shall notify the Commission in writing.

8. Working Assets shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Working Assets shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. With respect to the provision of operator services to hospitality locations and private pay telephones, Working Assets shall not charge rates any greater than AT&T's intrastate

interLATA rates at the time the call is completed.

11. Working Assets is required to provide "tent" cards to hotels and motels for placement of guest telephones and stickers to customer-owned pay telephones identifying Working Assets as the provider of operator services for intrastate interLATA calls. Working Assets is required to brand all operator calls identifying itself as the carrier of such calls. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811 issued in Docket No. 92-557-C.

12. Working Assets shall be allowed to incorporate in its tariff a subscriber surcharge to be applied to operator-assisted and calling card calls originating from hotels, motels, and pay telephones only if the property owner or pay telephone provider has not already added any other surcharge. That is, the Company may not impose an additional surcharge to calls originating from hotels, motels, or pay telephones if such surcharge is already imposed by the property owner. The amount of such subscriber surcharge shall not exceed \$1.00. Further, if the surcharge is applied for property, the end user shall be notified of the application of the surcharge. This notification shall be included in the information pieces as previously required by this Order.

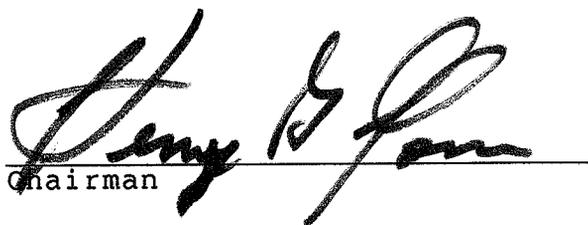
13. For the provision of operator services, Working Assets shall comply with the Operator Service Provider (OSP) Guidelines approved in this Commission's Order No. 93-534 issued under Docket No. 93-026-C.

14. Working Assets shall continue to refund and complete all

possible refunds, plus 12% interest, to those South Carolina customers with whom Working Assets did business on an intrastate basis prior to the date of this Order and shall file all information required to verify that these refunds have been made.

15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director
(SEAL)

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APRIL 8, 1994
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____ .

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____ .

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____ .

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____ .

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____ .

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).